

**OFFICE OF CITY CONTROLLER**  
**CITY OF HOUSTON**  
**INTER OFFICE CORRESPONDENCE**

**To** Mayor Bill White  
City Council Members

**From** Annise D. Parker  
City Controller

**Date** September 30, 2004

**Subject** **August 2004 Financial Report**

Attached is the Monthly Financial and Operations Report for the period ending August 31, 2004.

**GENERAL FUND**

We are currently projecting a \$21 million shortfall for the general fund in FY05. This \$10 million improvement from our projection last month is due to our receiving confirmation regarding the administration's plans for the METRO funding. The City has asked METRO to provide reimbursement for an additional \$10 million in general fund projects and \$10 million less for capital projects. METRO has agreed to this change. This is the only change we are making to our general fund revenue projections this month. Other pertinent information on major general fund revenue sources includes:

- Property taxes – While HCAD's September projections for property tax values remain fairly strong, trends over the past four years indicate that our current projection is reasonable. We will continue to closely monitor HCAD's projections in the coming months.
- Sales tax revenues remain strong, with the first check for FY05 showing a 6.2% increase over last year.

On the expenditure side, we are showing no bottom line changes. However, we are reflecting an increase to "Accounting and Auditing Services" in General Government due to the settlement with Deloitte & Touche for the FY03 audit. At this time, we are projecting that this increase may possibly be absorbed with decreases in the "Miscellaneous Other Services and Charges."

**ENTERPRISE FUNDS**

There are no changes this month in our projections for Aviation. For C&E, we are projecting the same bottom line, but we are showing minor corrective movements between several expense categories.

The only significant change in the Combined Utility System Fund is presentational, in that we are now showing HAWC expenses of \$4.6 million separately under "Nonoperating Revenues (Expenses)" since HAWC is expected to be operational this year. This amount had previously been included as part of "Operating Expenses – Contracts & Other Payments."

**COMMERCIAL PAPER AND BONDS**

The City's practice has been to maintain no more than 20% of the total outstanding debt for each type of debt in a variable rate structure. At month-end, the ratio for each type of outstanding debt was:

**Mayor Bill White  
City Council Members  
July 2004 Monthly Financial and Operations Report**

General Obligation	22.5%
Combined Utility System	18.0%
Aviation	17.1%
Convention and Entertainment	27.1%

Respectfully submitted,

A handwritten signature in cursive script, reading "Annise D. Parker". The signature is written in dark ink and is positioned above a horizontal line.

Annise D. Parker  
City Controller